



Testimony of Anthem Blue Cross and Blue Shield

In Opposition to L.D. 697

"An Act to An Act to Direct the Maine Prescription Drug Affordability Board to Assess Strategies to Reduce Prescription Drug Costs and to Take Steps to Implement Reference-based Pricing"

March 13, 2025

Good afternoon, Senator Bailey, Representative Gramlich, and Members of the Health Coverage, Insurance, and Financial Services Committee. My name is Kristine Ossenfort, and I am the Senior Government Relations Director for Anthem Blue Cross and Blue Shield in South Portland, Maine. I appear before you this morning to testify in opposition to **L.D. 697, "An Act to Direct the Maine Prescription Drug Affordability Board to Assess Strategies to Reduce Prescription Drug Costs and to Take Steps to Implement Reference-based Pricing."**

The high cost of prescription drugs is a significant issue for Anthem and its members and is deserving of scrutiny. We have concerns, however, with some of the approaches taken in L.D. 697 and are therefore opposed to the bill.

Our concerns with L.D. 697 include the following:

- **Upper payment limits and reference-based pricing.** L.D. 697 proposes to give the Prescription Drug Affordability Board ("PDAB") the ability to establish upper payment limits and implement referenced based pricing—nothing requires the manufacturer to sell at those prices; what happens if the manufacturer refuses to sell at that price? If health plans subject to this regulation cannot pay more than the UPL or reference-based price, do they violate the law or does the member not have access to that drug?
- **Implementing additional transparency requirements and regulation of supply chain entities.** Maine already has established transparency and reporting requirements, and there has been no indication that this information is insufficient. Furthermore, this does not address the core issue—the high cost of prescription drugs.

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- **Regulating insurance out of pocket costs for prescription drugs.** Carriers are constantly striving to balance comprehensive coverage and affordability. However, there are a limited number of levers that a health plan can pull to balance coverage and affordability. By tying our hands with respect to one lever, it forces increases in cost sharing for other services, as well as deductibles, and out of pocket maximums.
- **Spending targets.** Spending targets do not consider new and expensive drugs that enter the market or new mandated benefits. Furthermore, there are a number of proposals that seek to limit the ability of health plans to manage prescription drug costs through utilization management, such as prior authorization and step therapy. If health plans are to be expected to meet prescription drug spending targets, they must have the ability to manage that spend effectively.
- **Authority to request proprietary prescription drug data.** The legislation would give the PDAB the ability to request prescription drug data not reported to the Maine Health Data Organization (MHDO) from insurers and third-party administrators. The need for this data is not clear and there is no provision for the confidentiality of this data, which may be proprietary. Furthermore, it is unlikely that the State could require third-party administrators to submit such data for self-funded plans due to ERISA preemption.
- **Composition of the Board and Advisory Council.** Finally, we would note that while the amendment proposes to significantly expand the authority of the PDAB and regulate the activities of carriers, there is no carrier representation on the Advisory Council, while other parties whose interests would also be affected are represented on the Advisory Council. If this legislation moves forward, the Advisory Council should include representation from both carriers and Pharmacy Benefit Managers.

While L.D. 697 is well intended, it focuses largely on the on regulation of insurance. While approached such as limiting cost-sharing on plans subject to state regulation may address the out-of-pocket expenditures by some insured individuals—this does not serve to address the underlying cost of prescription drugs and their impact on premiums. It also does not provide to relief to the uninsured, or those covered under self-funded plans.

Finally, I would also note that the bill is silent on how this would be funded—it does not include an appropriation or the creation of any headcount for staff. A similar proposal

considered in the 131st Legislature (L.D. 1829) had a fiscal note of over \$1 million per year for consulting services.

Thank you for the opportunity to share our concerns with respect to this proposal. We strongly urge you to vote ought not to pass on L.D. 697, and I would be happy to answer any questions you may have either now or at your work session.